



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

October 15, 2015

The Honorable John A. Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

I am writing to follow up on my previous letters regarding the debt limit and to provide additional information regarding the Department of the Treasury's ability to continue to finance the government.

On October 1, I wrote to inform you that the extraordinary measures we have been employing to preserve borrowing capacity likely would be exhausted on or about Thursday, November 5. The letter noted, however, that Treasury's estimates are subject to inherent variability and could change as we receive additional information. It is impossible to forecast thousands of daily government transactions with precision. The letter also noted that the trend in our projected net resources had been negative in late September, which had reduced the projected amount of time we could finance the government. Accordingly, I cautioned that the ultimate date that Treasury exhausts extraordinary measures could be sooner or later than November 5.

Over the past two weeks, Treasury has continued to receive information about daily receipts, investments, and expenditures. The trend in our projected net resources has continued to be negative, and our projections for the relevant period have declined an additional \$4-6 billion. Based on our best and most recent information, we now estimate that extraordinary measures will be exhausted no later than Tuesday, November 3. At that point, we expect Treasury would be left with less than \$30 billion to meet all of the nation's commitments—an amount far short of net expenditures on certain days, which can be as high as \$60 billion.

Operating the United States government with no borrowing authority, and with only the cash on hand on a given day, would be profoundly irresponsible. As I wrote previously, we anticipate that a remaining cash balance of less than \$30 billion would be depleted quickly. In fact, we do not foresee any reasonable scenario in which it would last for an extended period of time. The government makes approximately 80 million payments a month, including Social Security and veteran benefits, military salaries, Medicare reimbursements, and many others. In the absence of congressional action, Treasury would be unable to satisfy all of these obligations for the first time in the history of the United States.

In recent letters, I also have cautioned that Treasury's cash balance already has fallen below a minimum prudent level of \$150 billion. Maintaining this minimum balance helps protect against potential market interruptions, which in the past have been caused by events such as Hurricane Sandy and the 9/11 terrorist attacks. It does not increase the debt limit or alter the time we can continue to pay the nation's bills. Treasury's cash balance is now substantially below that minimum level.

The creditworthiness of the United States is an essential component of our strength as a nation. Protecting that strength is the sole responsibility of Congress, because only Congress can extend the nation's borrowing authority. Moreover, as you know, increasing the debt limit does not authorize any new spending. It simply allows Treasury to pay for expenditures Congress already has approved, in full and on time.

For these reasons, I respectfully urge Congress to take action as soon as possible, raise the debt limit without delay, and remove an unnecessary threat to our economy. We have learned from the past that failing to act until the last minute can cause serious harm to business and consumer confidence, raise short-term borrowing costs for taxpayers, and negatively impact the credit rating of the United States. And there is no way to predict the irreparable damage that default would have on global financial markets and the American people.

Sincerely,



Jacob J. Lew

Identical letter sent to:

The Honorable Nancy Pelosi, House Democratic Leader
The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Harry Reid, Senate Democratic Leader

cc: The Honorable Paul Ryan, Chairman, House Committee on Ways and Means
The Honorable Sander M. Levin, Ranking Member, House Committee on Ways and Means
The Honorable Orrin G. Hatch, Chairman, Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member, Senate Committee on Finance
All other Members of the 114th Congress